



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

December 14, 2009

Michael Sheldon, CEO
Network Hardware Resale, Inc.
26 Castilian Dr. Ste A
Santa Barbara, CA 93117

Dear Mr. Sheldon:

RE: FINAL MONITORING VISIT REPORT – Network Hardware Resale, Inc. - ET08-0260

Date of the Visit:	12/09/09
Beginning/Ending Time:	10:00 a.m. – 1:30 p.m.
Date of Last Visit:	08/10/09
Visit Location:	Santa Barbara
Persons in attendance:	Megan Burwell, HR Assistant, Network Hardware Lan Vuong, ETP Project Analyst
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	11/16/07 – 11/15/09	Agreement Amount:	\$48,600
Training Start Date	11/29/07	No. to Retain:	108
Date Training must be completed:	08/14/09	Range of Hours:	24 – 60
Type of Trainee:	Retrainee	Weighted Average:	30

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FINAL REPORT SUMMARY

• HISTORY OF AGREEMENT CHANGES

The Agreement was executed on November 30, 2007, and training began on November 29, 2007. Ms. Burwell reported that all training was completed on May 27, 2009, which allowed for the 90-day retention period to be completed within the term ending date of the Agreement – November 15, 2009.

ETP approved one Agreement Modification on April 29, 2008, to add ISO training topic to Continuous Improvement curriculum.

ETP also approved a request on March 25, 2009, to change the contract representative.

• FINAL PROJECT STATISTICS

Your Agreement contains a variable reimbursement training plan, which means that reimbursement will be based on the total actual number of training hours completed by each trainee between 24 and 60 training hours. There will be no reimbursement for any trainee who does not complete a minimum of 24 hours of training from the approved curriculum.

According to Ms. Burwell, of the 108 trainees specified on Chart 1, Exhibit A of the Agreement, only 27 trainees completed training and the 90-day retention period. The ETP Class/Lab Tracking Report shows that you have delivered 862.75 class/lab training hours for 27 trainees who meet the minimum hours. This resulted in a completion rate of 25 percent of the number of trainees and approximate earnings of \$12,941.25 which is 27 percent of the Agreement amount.

To date, your company has not received any unearned funds; therefore you will receive \$12,941.25, if the anticipated number to retain is verified during the final fiscal closeout.

Ms. Burwell was reminded that this Agreement ended in November 15, 2009. By the terms of the Agreement the final contract closeout should have been completed within 30 days of the end term date of the Agreement. Ms. Burwell informed the Analyst that she will not be able to closeout the contract by that time. The Analyst agreed to give your company an extension. The final contract closeout invoice and associated documents must be submitted to ETP on or before the close of business on January 29, 2010.

• INTERVIEW WITH CONTRACTOR'S REPRESENTATIVE

Ms. Burwell reported that the company was not able to provide all the training originally intended in this Agreement due to several factors. The company representative that lead ETP program left the company and employees left the company before completing the required minimum of 24 training hours and the 90-day retention period.

Ms. Burwell reported that although Network Hardware did not earn 100 percent of the available funds, the training provided increased employee skills in Continuous Improvement, Business Skills, and Computer Skills, which helps ensure that the company meets the

quality standards required by the industry. She also stated that ETP training funds made it easy for the company to move forward with training. The trainees benefited from training in a variety of ways including knowledge of new software system, proper processes of ISO documentation, and better customer satisfaction.

PROJECT STATUS PROVIDED BY THE CONTRACTOR:

Trainees Started Training:	153	Completed Training:	27
Trainees Enrolled:	153	In Retention Period:	0
Dropped Following Enrollment:	126	Completed Retention	27
Completed Minimum Required Hours for reimbursement:	27		

The project statistics provided by your project staff matches those listed on the ETP Contract Status Report.

TRAINING RECORDS

Ms. Vuong conducted a random sampling of nine trainees who completed training and retention. Records reviewed validated the completion of the training hours required in this Agreement. Records show that these trainees completed between 24 and 53 total training hours and the completed hours matches those posted on the ETP Online Tracking System. Records reviewed confirmed that the Agreement curriculum was provided as specified and the ratio of trainer to trainee delineated in the Agreement training plan was adhered to.

The above findings are based only on the training records reviewed during this visit and represent only a sample of the training records completed to date. Therefore, it is your responsibility to ensure that all training records comply with Panel requirements for auditing purposes. (Reference: Title 22 California Code of Regulations, Section 4442)

AUDIT

Your company will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk review. These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit Confirmation letters.

To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

Please contact Lan Vuong within ten (10) working days at (818) 755-1306 or by email at lvuong@etp.ca.gov if you have any questions or comments.

Sincerely,

Signature on file

Wally Aguilar, Program Manager
North Hollywood Regional Office

Signature on file

Lan Vuong, Project Analyst
North Hollywood Regional Office

cc: Megan Burwell, HR Assistant, Network Hardware (via email)

David Guzman, Chief, Audits & Program Operations Division, ETP (via email)
Kulbir Mayall, Manager, Fiscal and Certification, ETP (via email)

Master File
Project file

Date report mailed to Contractor 12/15/09